

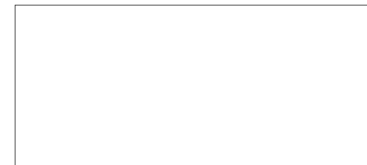


Director of
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USSR-POLAND: Soviet Support

On the first day of Premier Jaruzelski's visit, President Brezhnev extended political support but hedged on future Soviet aid. [redacted]

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In a speech honoring the visiting leader, Brezhnev characterized the situation in Poland as "complicated and sometimes dramatically difficult" and observed that the "waves of anarchy, chaos, and terror" would not recede overnight. He asserted that Soviet economic aid to Poland will "continue" but stressed the need to deepen CEMA integration. Brezhnev claimed that negotiations had revealed an "identity of views" and characterized the atmosphere as one of "friendship, comradely solidarity, and cordiality." [redacted]

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In his response, Jaruzelski emphasized the aid he said the USSR is now supplying and claimed that without it there would be no way out of the "crisis." Jaruzelski agreed that a broader CEMA tie is necessary for Poland and said that brothers in the "socialist family" should show "solidarity" with the one in trouble--perhaps a plea for Soviet help in obtaining more aid from Eastern Europe. [redacted]

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Comment: Brezhnev's stark portrayal of the problems facing Jaruzelski represents an acknowledgment that the Polish leader will need time to remedy the situation. The remarks may be intended to quiet those who believe pressure should be put on Jaruzelski to move more rapidly to eradicate resistance and restore civilian rule. [redacted]

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Jaruzelski's stress on the need for aid may reflect his calculation that this first visit to Moscow since martial law began would put him in a strong position to demand it. Brezhnev's remarks, however, imply that the level of Soviet aid will depend largely on the extent to which Poland realigns its economic ties more toward Eastern Europe. [redacted]

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WEST GERMANY: Cabinet Members Under Investigation

//Finance Minister Matthoefer and Economics Minister Lambsdorff eventually may be forced to resign from Chancellor Schmidt's coalition because of improprieties in party finances.//

//The allegations against Matthoefer and Lambdorff stem from a broader investigation of major West German parties, all of which have colluded for years with donors to channel contributions through tax-exempt organizations. Representatives of the parties fear that they would be injured by the investigation and have been working behind the scenes to change the tax laws to increase the amount that donors can deduct from their taxes.//

//State prosecutors are attempting to lift the two ministers' parliamentary immunity so that an investigation can be continued. A government spokesman last week-end denied that Lambsdorff or Matthoefer would or should resign.

Comment: //It is not certain that the state prosecutor will turn up sufficient evidence to bring the officials to trial. If they are indicted, a cabinet shuffle will be necessary. Neither the embarrassment surrounding the current investigation or a cabinet shuffle would be likely to bring down the government immediately.//

//The forced departure of Lambsdorff and Matthoefer, however, would undermine the coalition over the longer term.

//Matthoefer also is a crucial figure in gaining support for, and the implementation of, the government's economic policies, the most difficult problem between the two coalition parties at the moment. Matthoefer, moreover, now is regarded as one of the few Social Democrats who could succeed Schmidt and continue to maintain the Free Democrats' loyalty to the coalition.//

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LIBYA-TUNISIA: Closer Relations

Libya and Tunisia are trying to renew economic and political cooperation after years of strained relations.

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Libyan leader Qadhafi's five-day visit to Tunisia, which ended on Saturday, has resulted in an agreement to broaden cooperation and to establish a joint commission to coordinate relations. Tunisian President Bourguiba wants to reduce the possibility of Libyan subversion among the approximately 80,000 Tunisian workers in Libya, and he hopes to improve commercial ties with Libya.

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Comment: Qadhafi presumably views the reconciliation with Tunisia as an opportunity to enhance his poor international reputation before assuming the chairmanship of the OAU this summer. His willingness to put aside the abortive merger agreement of 1974 indicates that he is prepared for the time being to use more conventional methods to influence Tunis's policies. The Libyan leader also may view reconciliation with Bourguiba as the best way to prevent Tunisian collusion with the US against him.

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Bourguiba probably will refuse any Libyan proposals for joint exploitation of offshore hydrocarbon deposits, even though Tunisia was the loser in the judgment by the International Court of Justice last week that awarded most of a disputed offshore area to Libya. Tunisian leaders mistrust Qadhafi and will avoid cooperation with Tripoli that jeopardizes their relationships with other countries, particularly the US.

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EGYPT-ISRAEL: Mubarak's Visit in Jeopardy

//President Mubarak's planned visit to Israel this month is in doubt following the Israeli announcement on Sunday that his refusal to visit Jerusalem will cause the trip to be canceled. Egypt's Foreign Minister and press sources in Jerusalem, however, have indicated that the trip is still under discussion. Cairo is explaining its position in Western capitals through diplomatic channels. The US Embassy in Tel Aviv believes senior Israeli officials hope to minimize the publicity surrounding cancellation of the trip. They hope to avoid giving nationalist Jewish settlers and their political supporters a means to rally greater opposition to Israel's withdrawal from the Sinai next month.//

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Comment: //Mubarak clearly is reluctant to take any action that might be construed as legitimizing Israel's annexation of the Arab sector of Jerusalem. He also is worried that a visit there might cause a furor in the Arab world and impede chances for a rapprochement with the other Arabs after the Israeli pullback.//

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USSR: New First Deputy Chairman for KGB

Georgiy Tsinev, a longtime associate of President Brezhnev, has been named as the new First Deputy Chairman of the KGB, replacing S. K. Tsvigun, who died in January. Tsinev is a member of the group of Brezhnev's early associates who have risen to high positions. Last year he was promoted to full membership in the Central Committee.

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Comment: Brezhnev's ability to make the appointment indicates that he maintains a strong hold on the reins of power despite current rumors in Moscow that he might be in political trouble.

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PAKISTAN: Mass Arrests

President Zia on Saturday announced the arrest of more than 2,000 persons, primarily in Sind and Punjab Provinces. Many of those detained reportedly are common criminals, but numerous opposition politicians at the low-to-middle level and some student leaders also were jailed. [REDACTED]

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Comment: Two possible assassination attempts on Zia within the past month apparently are being used to justify the crackdown, which is intended to underline the President's view that the internal situation is too unstable for extensive political activity. The arrests also appear to respond to criticism of the law-and-order situation by members of Zia's Federal Advisory Council--and are a warning to all politicians not to push too hard for early elections. [REDACTED]

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PORTUGAL: Reduction of Soviet Bloc Representation

Lisbon has asked the Soviet, Polish, and East German Embassies to reduce their diplomatic staffs by one-third.

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Comment: Although the Portuguese Government publicly claims that its request is tied to the continuation of martial law in Poland, internal politics also have played a major role. Lisbon wants to make it more difficult for the Soviets and East Germans in particular to support the Portuguese Communist Party, which currently is waging a campaign to bring down the government through labor unrest. Soviet retaliation would have little effect on the Portuguese Government because of the low level of political and economic relations between Portugal and Soviet Bloc countries.

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TANZANIA: Reactions to Hijacking

//Tanzanian officials are concerned that the hijacking over the weekend of an Air Tanzania airliner may lead to more antigovernment moves. The hijackers' demand that President Nyerere resign has struck a responsive note among many Tanzanians dissatisfied with the President's socialist policies. Security officials reportedly fear that the incident may be part of a larger plot to oust Nyerere.//

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Comment: //The President, who has been looking for the right moment to retire, now may hasten his efforts to find a suitable successor.//

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SPECIAL ANALYSIS

CHINA-US: Anniversary of the Shanghai Communique

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//The letter to President Reagan from Premier Zhao Ziyang and authoritative press commentary on the 10th anniversary of the Shanghai Communique underscore China's strong interest in developing close relations with the US, while maintaining a firm line on Chinese sovereignty over Taiwan. Zhao's letter implies at least some flexibility on the issue of US arms sales to Taiwan, but it remains uncertain whether China will deal with this issue on terms acceptable to the US. China still regards the US as a strategic partner in opposition to the USSR and as a source of investment and technology for economic modernization.//

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//The Chinese have used contacts with foreigners in recent weeks to indicate that US arms sales to Taiwan have created a crisis in relations with the US. An authoritative public commentary yesterday emphasized the need for recognition of China's sovereignty over Taiwan and for an end to the US arms supply relationship with the island. Without these steps, the commentary stated, Sino-US relations would retrogress.//

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//Zhao's letter and the press commentary may represent a dual approach that may continue for some time as the Chinese attempt to find a basis for settling the problem.//

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//The strong historical, emotional, and political significance of the Taiwan issue limits the flexibility the Chinese leaders have on this issue. Since the publication last September of its proposals for reunification, Beijing has shown great sensitivity about Taiwan, putting it at the center of relations with Washington. Beijing continues to regard common hostility toward Moscow as the mutual interest that binds the relationship and questions US priorities in allowing Taiwan to impede closer strategic ties in opposition to the USSR.//

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Trade and Exchanges

//The current commitment to modernization provides further incentive for closer ties with the West in general and with the US in particular. About 7,000 Chinese students and scholars are now studying in the US, mostly in the fields of science and technology.//

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//Although the regime has cut back its ambitious plans for economic development, Sino-US trade has increased from very little at the time of the Shanghai Communique in 1972 to some \$5.5 billion in 1981. Beijing benefits substantially, and there is no firm indication yet that China has decided to try to force US cooperation on Taiwan by threatening a substantial reduction in trade.//

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//Security relations with the US have been strongly affected, however, by differences over Taiwan. Because China is unwilling to appear to acquiesce in US arms sales to Taiwan in order to secure US arms for itself, it suspended discussions with the US in the security area last summer. The Chinese nevertheless remain interested in acquiring US military equipment and technology and possibly in developing closer strategic cooperation if the Taiwan arms sales question can be resolved.//

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Dissociation From US Policies

//The Chinese also have dissociated themselves from the US on some other foreign policy questions and have strengthened their credentials as a Third World country. Chinese propaganda has recently assailed US "imperialism" and has identified both the US and the USSR as "hegemonic" powers.//

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//China has attacked US policy toward Israel and, to a lesser degree, in southern Africa. Chinese propaganda questions the wisdom of US policy in Central America, although privately the Chinese support the initiative in the Caribbean Basin.//

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//For domestic political reasons, most notably concern that the Polish experience could spread to China, Beijing has not joined in condemning the imposition of martial law in Warsaw. The Chinese, however, would certainly condemn Soviet military intervention.//

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Outlook

//Beijing's divergence from Washington on some issues results from principles enunciated in the resolution of the Sixth Plenum last June that stated that there must be no submissiveness in dealing with "big, powerful, or rich countries." Even if the issue of US arms sales to Taiwan is resolved, China probably will continue to assert its independence in ways that include opposition to US policies in some areas of the Third World.//

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//At the same time, Chinese commentary reaffirms Beijing's desire for good relations with the US. Premier Zhao's letter supports the view, moreover, that a settlement of the current difficulties would enable the Chinese leaders to work for a closer relationship in the area that matters the most to them--opposition to the USSR.//

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